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COMP

Howard C. Kim, Esq.
Nevada Bar No. 10386
E-mail: howard@hkimlaw.com
Jacqueline A. Gilbert, Esq.
Nevada Bar No. 10593
E-mail: jackie@hkimlaw.com
Katherine C.S. Carstensen, Esq.
Nevada Bar No. 10656
E-mail: katherine@hkimlaw.com
HOWARD KIM & ASSOCIATES
1055 Whitney Ranch Drive, Suite 110
Henderson, Nevada 89014
Telephone: (702) 485-3300
Facsimile: (702) 485-3301
Attorneys for David A. Rosenberg,
Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:

SUNRAY PETROLEUM, INC.,

Debtor.

DAVID A. ROSENBERG, Chapter 11 Trustee,

Plaintiff,

vs.

DAVID MICHAEL FLYNN

Defendant.

Case No. BK-S-11-19196-BTB
Chapter 11

Adversary No.

ADVERSARY COMPLAINT

Judge: Hon. Bruce T. Beesley

David A. Rosenberg, solely in his capacity as Chapter 11 Trustee (“Trustee”) for the
bankruptcy estate of Sunray Petroleum, Inc. (“Debtor”), by and through his counsel of record
Howard Kim & Associates, respectfully submits this adversary complaint against defendant
David Michael Flynn (“Defendant” or “Flynn”), and alleges as follows:

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I. JURISDICTION

1. This court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. § 1334(b) and 157(b).

2. Venue of this adversary proceeding is proper in this Court pursuant to 28 U.S.C. § 1409.

3. This adversary proceeding is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(A), (B), and (H).

II. GENERAL ALLEGATIONS

4. The Trustee fully incorporates and re-alleges paragraph 1 through 3 as though fully set forth herein.

5. On June 10, 2011 (“Petition Date”), Debtor filed a voluntary petition seeking relief under Chapter 11 of the Bankruptcy Code [Dkt. No. 1].

6. James W. Scott (“Scott”), president of the Debtor, served as debtor-in-possession from the Petition Date until October 15, 2012, when the Office of the United States Trustee (“UST”) determined it was necessary to appoint a Chapter 11 trustee to properly administer the estate [Dkt. No. 85].

7. On October 16, 2012, David A. Rosenberg was appointed as Chapter 11 Trustee for the case [Dkt. No. 92].

8. Prior to the Petition Date, on March 31, 2010, Scott entered into a Loan Agreement (the “Agreement”) with Defendant Flynn wherein Flynn agreed to lend Mainstream Ventures, Inc. (“Mainstream Ventures”) One Hundred and Twenty Five Thousand Dollars (\$125,000.00). *See Agreement*, attached hereto as “**Exhibit 1**”.

9. Pursuant to the Agreement, the loan to Mainstream Ventures was secured by a personal guarantee by Scott and by certain collateral owned by the Debtor (the “Assets”). The Assets used to secure the loan are described in detail in the Agreement. *See Agreement*, Exhibit 1, at Exhibit C and D.

10. On or around February 22, 2011, Defendant Flynn filed a UCC-1 lien on Debtor’s Assets. *See Flynn Proof of Claim*, attached hereto as “**Exhibit 2**” at pg. 17-27.

11. On October 12, 2011, Defendant Flynn filed a proof of claim in the Debtor's bankruptcy case for money owed pursuant to the Agreement. *See Claims Registry*, Proof of Claim No. 24-1. Flynn's proof of claim is in the amount of Six Hundred and One Thousand Six Hundred Fifty Five Dollars and Four Cents (\$601,655.04). *See Id.*

III. FIRST CAUSE OF ACTION
(Fraudulent Conveyance – 11 USC §§ 548 and 550)

12. The Trustee incorporates and re-alleges paragraphs 1 through 11 as though fully set forth herein.

13. Pursuant to 11 U.S.C. § 548(a)(1):

The trustee may avoid any transfer . . . of an interest in property. . . that was made within 2 years before the date of the filing of the petition . . . if the debtor . . . (A) made such transfer . . . with the actual intent to hinder, delay or defraud any entity to which the debtor was or became, on or after the date that such transfer was made . . . indebted; or (B)(i) received less than reasonably equivalent value in exchange for such transfer . . . ; and (ii)(I) was insolvent on the date that such transfer was made . . . or became insolvent as a result of such transfer . . . (ii)(II) was engaged in business or a transaction . . . (ii)(IV) or made such a transaction for the benefit of an insider. . . .

14. Upon information and belief, Scott, as president of the Debtor, is an insider.

15. The Trustee alleges that the Agreement was made within two years prior to the filing of Debtor's bankruptcy petition.

16. Upon information and belief, Debtor received less than reasonably equivalent value in exchange for the Agreement and corresponding obligations.

17. Upon information and belief, Debtor's Assets were used to secure the Agreement for the benefit of Scott and not for the benefit of the Debtor.

18. Upon information and belief, Debtor was insolvent on the dates the transfers were made or such obligations were incurred, or Debtor became insolvent as a result of such transfers or obligations.

19. Upon information and belief, the Agreement constitutes a fraudulent conveyance pursuant to 11 USC § 548.

IV. SECOND CAUSE OF ACTION

(Fraudulent Transfer – Nev. Rev. Stat. § 112.140 et seq.)

20. The Trustee incorporates and re-alleges paragraphs 1 through 19 as though fully set forth herein.

21. Pursuant to Nev. Rev. Stat. § 112.180(1):

A transfer made or obligation incurred by a debtor is fraudulent as to a creditor, whether the creditor's claim arose before or after the transfer was made or the obligation was incurred, if the debtor made the transfer or incurred the obligation: (a) with actual intent to hinder, delay or defraud any creditor or debtor; or (b) without receiving a reasonably equivalent value in exchange for the transfer or obligation, and the debtor: (1) Was engaged or was about to engage in a business or a transaction for which the remaining assets of the debtors were unreasonably small in relation to the business or transaction; or (2) Intended to incur, or believed or reasonably should have believed that the debtor would incur, debts beyond his or her ability to pay as they became due.

22. Pursuant to Nev. Rev. Stat. § 112.190(1):

A transfer made or obligation incurred by a debtor is fraudulent as to a creditor whose claim arose before the transfer was made or the obligation was incurred if the debtor made the transfer or incurred the obligation without receiving a reasonably equivalent value in exchange for the transfer or obligation and the debtor was insolvent at that time or the debtor became insolvent as a result of the transfer or obligation.

23. Upon information and belief, Scott, as the president of the Debtor, is an insider.

24. Upon information and belief, Debtor received less than a reasonably equivalent value in exchange for the Agreement.

25. Upon information and belief, the Agreement was made for the benefit of Scott and not for the benefit of the Debtor.

26. Upon information and belief, Debtor was insolvent when the Agreement was executed or Debtor became insolvent as a result of the Agreement.

27. Upon information and belief, at the time the Agreement was executed, Debtor intended to incur or reasonably should have believed that the Debtor would incur debt that would be beyond the Debtor's ability to pay if such debt matured.

28. Upon information and belief, the Agreement was a fraudulent transfer pursuant to Nev. Rev. Stat. §§ 112.140 et seq.

HOWARD KIM & ASSOCIATES
1055 WHITNEY RANCH DRIVE, SUITE 110
HENDERSON, NEVADA 89014
(702) 485-3300 FAX (702) 485-3301

WHEREFORE the Trustee prays for judgment as follows:

1. For a determination that Defendant Flynn's proof of claim be declared null and void;
2. For a determination that the UCC-1 filing is not allowed under the Bankruptcy Code and/or Article 9 of the Uniform Commercial Code.
3. For an award of attorneys fees and costs of suit;
4. For any further relief that the Court may deem just and proper.

Dated this 3rd Day of July, 2014.

HOWARD KIM & ASSOCIATES

/s/Howard C. Kim

Howard C. Kim, Esq.
Nevada Bar No. 10386
Jacqueline A. Gilbert, Esq.
Nevada Bar No. 10593
Katherine C.S. Carstensen, Esq.
Nevada Bar No. 10656
*Attorneys for David A. Rosenberg,
Chapter 11 Trustee*

EXHIBIT 1

LOAN AGREEMENT

This LOAN AGREEMENT ("Agreement") is entered into as of March 31, 2010 ("Effective Date") by and between Mainstream Ventures, Inc., a Nevada Corporation ("Mainstream"), James W. Scott ("Scott") and SunRay Petroleum, Inc., a Nevada Corporation ("SunRay") (collectively "Borrower") and David M. Flynn ("Lender") (collectively referred to as the "Parties").

WHEREAS Lender has agreed to lend to Mainstream \$125,000.00 US ("Loan") under the terms and conditions listed herein;

NOW THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Loan.

- a. Principal. Subject to the terms and conditions hereof, the Lender shall lend to Mainstream the principal amount of \$125,000.00 US ("Principal").
- b. Loan Term. The term of the Loan shall begin on the Effective Date and expire 360 days thereafter ("Loan Term").
- c. Loan Proceeds. The Loan Proceeds shall be delivered to Borrower by electronic wire as described on attached EXHIBIT A or by cashier's check (or other immediately-available funds).
- d. Repayment of Principal. Repayment of the Principal shall be made to Lender immediately upon expiration of the Loan Term ("Repayment"). Repayment shall be deemed satisfactory made by a third party on behalf of Borrower.
- e. Interest. Borrower shall pay interest to Lender on the Principal at a rate of twenty (20) percent per year on the basis of a 360-day year ("Interest"). In the event that full Repayment is not made upon expiration of the Loan Term, additional interest shall accrue at a rate of 1% per day on any outstanding Principal ("Additional Interest").
- f. Interest Payment Schedule. Borrower shall pay Interest to Lender simultaneous with Repayment.
- g. Place of Payments. All payments to be made to Lender shall be delivered to Lender by electronic wire as described on attached EXHIBIT B or by cashier's check (or other immediately-available funds) mailed to Lender and addressed as enumerated below under the Notices provision or at such other place of which the Lender notifies Mainstream in writing.
- h. Collateral. The Loan shall be secured as follows:
 - i. Scott's personal guarantee of the Principal together with any other fees or costs as provided for in this Agreement ("Personal Guarantee"); and
 - ii. By the collateral described on EXHIBITS C and D together with any real property, personal property or any rights, owned or leased by or to which SunRay is entitled and which are associated with the collateral described on EXHIBITS C and D as of the Effective Date or thereafter (collectively "SunRay Collateral").
- i. Convertible Interest. Borrower agrees that Lender may, at Lender's sole discretion, notify Borrower in writing of Lender's intent to forego payment of Interest on the Principal in cash in



exchange for 1,250,000 shares of common stock in Mainstream Ventures, Inc. ("Conversion"). Lender may exercise such Conversion at anytime during the Loan Term provided, however, that Lender may not exercise such Conversion prior to 30 days from the Effective Date. Such Conversion shall not effect any Additional Interest as described above.

2. Warrants. Borrower agrees to grant Lender warrants entitling Lender, at Lender's sole discretion, to acquire up to 1,250,000 additional shares of common stock in Mainstream Ventures, Inc. at a price of \$1.00 US per share ("Warrants"). Lender shall have up to 3 years from the Effective Date to exercise its Warrants. Lender may exercise its Warrants under its name or under a name of a nominee.
3. Representations & Warranties. Borrower represents and warrants to Lender as follows:
 - a. Borrower has the requisite authority to enter into the Agreement, and this Agreement shall represent a valid and binding obligation of both Mainstream and SunRay to Lender.
 - b. Other than such as has been disclosed to Lender in writing, there are no (1) delinquent federal tax claims or liens assessed or filed against Borrower; (2) judgments, decrees or orders of any court or governmental or administrative agency or instrumentality or other liens issued against Borrower; nor (3) lawsuits, claims, actions, arbitrations or similar actions pending or, to the best of either's knowledge, to be filed against Borrower.
 - c. The execution and delivery of this Agreement will not violate any indenture, agreement, or other instrument to which the Borrower is a party or by which the Borrower or any of the Collateral is bound.
4. Events of Default. The happening of any one or more of the following events shall constitute an Event of Default under this Agreement.
 - a. Mainstream fails to make Repayment as scheduled;
 - b. Borrower fails to perform, observe, or be in conformance with any term, condition, covenant or representation contained in this Agreement;
 - c. Any filing of a voluntary or involuntary petition by or against Mainstream or SunRay under any chapter of the Federal Bankruptcy Code or Mainstream or SunRay becomes insolvent;
 - d. If any of Borrower's representations or warranties herein proves to have been untrue in any material respect.
5. Lender's Remedies. Upon an Event of Default under this Agreement ("Default"), Lender may, at its option and sole discretion, exercise any and all of the following remedies:
 - a. Declare the Loan immediately due and payable;
 - b. Execute against the Personal Guarantee;
 - c. Immediately attach SunRay Collateral and, at Lender's sole discretion, force the liquidation of such portion thereof as necessary to achieve full Repayment and satisfaction of any outstanding Principal, Interest or other costs (including, but not limited to, costs of litigation, arbitration, court costs, attorneys' fees, etc.) incurred by Lender in enforcing the terms of this Agreement. Such liquidation shall require no further authorization whatsoever from SunRay (or any third-party);

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d. Exercise any and all rights and remedies available at law and/or equity;

6. Miscellaneous.

- a. Fees and Expenses Paid by Borrower. Borrower shall pay all fees and expenses of Lender incurred in collecting or attempting to collect or otherwise enforce Lender's rights under this Agreement. In the event that any such expenses are not paid by Borrower, Lender may pay them, or any portion thereof, and the amount so paid shall be added to the Principal.
- b. No Partnership or Joint Venture. Notwithstanding anything to the contrary contained herein, or implied by this Agreement or any action pursuant thereto, Lender shall not be deemed a partner, joint venturer or participant with the Borrower, and Borrower hereby indemnifies and agrees to defend and hold harmless Lender (including the payment of reasonable attorneys' fees and litigation expenses) from any and all damages resulting from such a construction of the Parties' relationship.
- c. Indemnification. Borrower shall indemnify and hold harmless Lender from any and all claims, charges, losses, expenses and costs, including, without limitation, attorneys' fees and litigation expenses, resulting from any claims, actions or proceedings in connection with the execution, delivery and performance of this Agreement. The indemnification provided in this paragraph shall survive any termination, satisfaction or assignment of the Loan.
- d. Invalid Provisions; No Conflict. If any of the provisions of this Agreement (or the application thereof) shall, to any extent, be invalid or unenforceable, the remainder of the Agreement shall not be affected and shall remain valid and enforceable to the fullest extent permitted by law. In lieu of such illegal or unenforceable provisions, there shall be added automatically as part of this Agreement valid, legal and enforceable provisions as similar as possible in terms to such invalid, illegal or unenforceable provision(s). No provision of this Agreement shall be deemed in conflict with any other, and Borrower acknowledges that no such provision or interpretation thereof shall be deemed to diminish the rights of the Lender. Lender may at its option exhaust all remedies under this Agreement, either concurrently or independently, and in such order as it may determine.
- e. Amendments. No amendment, modification or cancellation of this Agreement shall be valid unless in writing and signed by the Party against whom enforcement is sought.
- f. Meaning of Particular Terms. "Borrower" and "Lender" shall include their respective heirs, personal representatives, successors and assigns.
- g. Time is of the Essence. Time is of the essence in the payment and performance of this Agreement.
- h. Governing Law, Jurisdiction and Venue. This Agreement and any controversy arising under it or in relation to it shall be governed by the laws applicable in Clark County, Nevada as applied to agreements made, entered into and performed entirely within Clark County, Nevada between Nevada residents. Borrower and Lender irrevocably consent to service, jurisdiction and venue of the courts within Clark County, Nevada for any such litigation and waive any other venue to which it might otherwise be entitled.
- i. No Delay or Waiver. No delay on the part of Lender in exercising any right hereunder or any failure to exercise the same shall operate as a waiver of such right; nor, in any event, shall any modification or waiver of the provisions of this Agreement be effective unless in writing; nor

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shall any such waiver be applicable in any manner or instance except in the specific manner and instance for which it has been given.

- j. Waiver of Jury Trial. BORROWER AND LENDER HERBY WAIVE ANY RIGHT TO TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING OUT OF OR IN ANY WAY PERTAINING OR RELATING TO THIS AGREEMENT, OR (b) IN ANY WAY CONNECTED WITH OR PERTAINING TO OR INCIDENTAL TO ANY DEALINGS OF THE PARTIES WITH RESPECT TO THIS AGREEMENT. BORROWER AND LENDER AGREE THAT EITHER OR BOTH MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED AGREEMENT BETWEEN THEM IRREVOCABLY TO WAIVE TRIAL BY JURY, AND THAT ANY DISPUTE OR CONTROVERSY WHATSOEVER BETWEEN BORROWER AND LENDER SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.
- k. Notices. Any and all notices from one Party to the other shall be written and shall be validly given only if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, or if made by Federal Express or other delivery service which keeps records of deliveries and attempted deliveries, or if made by facsimile machine or email with electronic confirmation of delivery. Service shall be deemed made on the first business day delivery is validly attempted or upon receipt, whichever is sooner, and addressed as follows:

Borrower	Lender
Mainstream Ventures, Inc. ATTN: Lindsey Pinapfel 5955A W. Wigwam, #2A Las Vegas, NV 89139 Phone: (702) 360-0717 Fax: (702) 363-0295 Email: lindsey@zizzazz.com	David M. Flynn 1913 Realeza Court Las Vegas, NV 89102 Phone: (702) 277-8611 Fax: (702) _____ Email: dflynn@leelasvegas.com

A Party hereto may change its address for the purpose of receiving notices or demands by a written notice to the other Party. Such notice of change of address shall become effective upon the actual receipt thereof by the other Party.

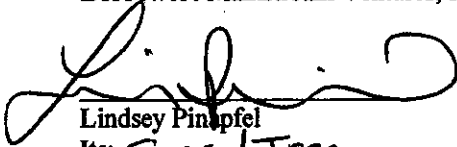
[Intentionally Left Blank]

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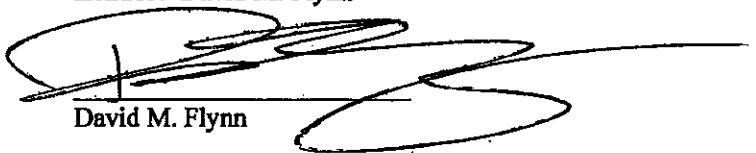
1. Entire Agreement. No oral understanding or agreement exists between the parties. Any and all prior oral understanding, negotiations or agreements are merged herein and are of no further force or effect.

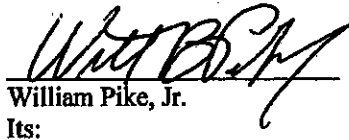
IN WITNESS WHEREOF, and intending to be legally bound, Borrower and Lender execute the Agreement.

Borrower: Mainstream Ventures, Inc.


Lindsey Pinnafel
Its: Sec/Trea.

Lender: David M. Flynn


David M. Flynn


William Pike, Jr.
Its:


Ron Solomon
Its:

Borrower: James W. Scott

James W. Scott

Borrower: SunRay Petroleum, Inc.

By: James W. Scott
Its: President

1. Entire Agreement. No oral understanding or agreement exists between the parties. Any and all prior oral understanding, negotiations or agreements are merged herein and are of no further force or effect.

IN WITNESS WHEREOF, and intending to be legally bound, Borrower and Lender execute the Agreement.

Borrower: Mainstream Ventures, Inc.

Lender: David M. Flynn


Lindsey Pinapfel
Its:

David M. Flynn

William Pike, Jr.
Its:

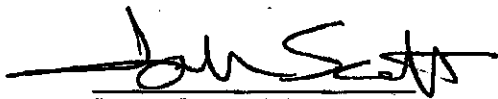
Ron Solomon
Its:

Borrower: James W. Scott



James W. Scott

Borrower: SunRay Petroleum, Inc.



By: James W. Scott
Its: President

EXHIBIT A

**WIRE INSTRUCTIONS
For Delivery of Loan Proceeds to Borrower**

Redacted

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EXHIBIT B

WIRE INSTRUCTIONS

For Delivery of Repayment, Interest, Additional Interest to Lender

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EXHIBIT C

SUNRAY EQUIPMENT

SunRay Petroleum -- Free & Clear Equipment List						
1	Wagner Morehouse	Double Rig	Rig	E90200884	\$ 800,000	\$ 150,000
2	Wilson	Single Rig	Rig	472MR38DD10183	\$ 800,000	\$ 150,000
3	Wilson	Double Rig	Rig	10349	\$ 1,500,000	\$ 350,000
4	Ideco	Double Rig	Skytop Rig	DMV81716CA	\$ 800,000	\$ 200,000
5	Hopper	Double Rig	R-500	65860	\$ 1,500,000	\$ 300,000
6	Zieman*	Backhoe Trailer	Trailer	1ZE32X25EZP11587	\$ 6,000	\$ 1,500
7	Catepillar*	416 Backhoe	Backhoe	4ZN01641	\$ 120,000	\$ 35,000
8	Dorsey	Steel Dropdeck/Mud Pump Shaker trnk	Trailer	1DTP30W26EA163808	\$ 300,000	\$ 150,000
9	2 Sets of Rig Tools				\$ 160,000	\$ 50,000
10	1 Set of Rig Tools				\$ 80,000	\$ 50,000
11	1 Set of Tubing Tongs				\$ 30,000	\$ 10,000
12	Triplex Pump - Detroit Diesel Engine Model 6-71, #6A190925-C/W				\$ 150,000	\$ 80,000
					TOTALS	\$ 6,246,000 \$ 1,526,500

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EXHIBIT D

SUNRAY PETROLEUM LEASES

SUNRAY PETROLEUM WELL LIST BY LEASE									
Afana	(13.0)	1	02908871	Idle	OG	18	29S	29E	1250
Afana		10	02951203	Idle	OG	18	29S	29E	1220
Afana		11	02951204	Idle	OG	18	29S	29E	1222
Afana		12	02951205	Idle	OG	18	29S	29E	1260
Afana		13	02951206	Idle	OG	18	29S	29E	1280
Afana		14	02965568	Idle	OG	18	29S	29E	1265
Afana		1V	02968857	Idle	OG	18	29S	29E	1265
Afana		2	02908872	Idle	OG	18	29S	29E	1280
Afana		2V	02968858	Idle	OG	18	29S	29E	1220
Afana		3	02908873	Active	OG	18	29S	29E	1330
Afana		3V	02968859	Active	WD	18	29S	29E	1190
Afana	↓	4	02908874	Idle	OG	18	29S	29E	1258
Afana		4V	02968860	Idle	OG	18	29S	29E	1275
Afana		5-A	02960119	Idle	OG	18	29S	29E	1300
Afana		5V	02973711	Idle	OG	18	29S	29E	1270
Afana		6	02908876	Idle	OG	18	29S	29E	1350
Afana		6V	02973933	Idle	OG	18	29S	29E	1350
Afana		7	02908877	Idle	OG	18	29S	29E	1230
Afana		7V	02973934	Idle	OG	18	29S	29E	1340
Afana		8V	02973935	Idle	OG	18	29S	29E	1360
Afana	(13.0)	9	02908879	Active	OG	18	29S	29E	1200
ALS - Bloemer	(13.0)	10	02908789	Active	OG	18	29S	29E	1220
ALS - Bloemer		11	02908790	Idle	OG	18	29S	29E	1260
ALS - Bloemer		120	02969434	Idle	OG	18	29S	29E	1300
ALS - Bloemer	↓	16	02908791	Idle	OG	18	29S	29E	1260
ALS - Hood-Bloemer		1 A	02908792	Idle	OG	18	29S	29E	1200
ALS - Hood-Bloemer		108D	02971724	Idle	OG	18	29S	29E	1210
ALS - Hood-Bloemer		109	02969433	Active	OG	18	29S	29E	1275
ALS - Hood-Bloemer		2	02908793	Idle	OG	18	29S	29E	1230
ALS - Hood-Bloemer	(13.0)	3 A	02908794	Active	OG	18	29S	29E	1290
Altoona	(13.0)	1	02938193	Active	OG	25	32S	23E	1131
Altoona		2	02938194	Active	OG	25	32S	23E	1465
Altoona		3	02938195	Active	OG	25	32S	23E	1400
Altoona		4	02938196	Idle	OG	25	32S	23E	1376
Altoona		5	02938197	Idle	OG	25	32S	23E	1442
Altoona		6	02938198	Abandoned	OG	25	32S	23E	-
Altoona		7	02938199	Active	OG	25	32S	23E	1615
Altoona	↓	8	02938200	Idle	OG	25	32S	23E	1420
Altoona		A-1	02951445	Active	OG	25	32S	23E	1600
Altoona		C-1	02951266	Active	OG	25	32S	23E	1490
Altoona		C-2	02951639	Plugged	OG	25	32S	23E	0
Altoona		C-3	02951317	Idle	OG	25	32S	23E	1420
Altoona		C-5	02951318	Idle	OG	25	32S	23E	1680
Altoona		E-1	02951446	Idle	OG	25	32S	23E	1501
Altoona		SPI-1	03025431	Active	OG	25	32S	23E	2425
Altoona	(13.0)	SPI-5	03025606	Active	OG	25	32S	23E	1750
Armstrong		1	02906817	Active	OG	28	29S	27E	4365
Coast-Bronco	(13.0)	1	02935906	Idle	OG	8	11N	23W	

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Deer Creek - Carnahan Bennington	(13.0)	1	10700005	Active	OG	10	22S	27E	1000
Deer Creek - Karen	(13.0)	1	10720152	Active	OG	10	22S	27E	1000
Deer Creek - Karen	(13.0)	2	10720153	Active	OG	10	22S	27E	985
Deer Creek - Bastian	(13.0)	2-3	10720068	Active	OG	10	22S	27E	1010
Deer Creek - Bastian	(13.0)	2-4	10720069	Active	OG	10	22S	27E	1009
Dillon	(16.0)	2	02908342	Active	OG	27	29S	27E	4005
Dillon (Newly Acquired Well)	(16.0)	3	29084339						
Dillon (Newly Acquired Well)	(16.0)	4	2908440						
Duke		1	02906819	Active	WD	28	29S	27E	4375
Durr	(34.0)	D1	02914540	Active	OG	14	31S	29E	6000
E & H Dillon	(16.0)	1	02906781	Active	OG	27	29S	27E	4070
Feeport		1	02900895	Idle	OG	19	30S	29E	4500
Fuller Acres		1	02944714	Active	OG	19	30S	29E	5100
Fuller Acres		2	02946341	Active	OG	19	30S	29E	5115
Fuller Acres		3	02946342	Active	OG	19	30S	29E	5205
George - Arvin Waterflood Unit	(34.0)	G1	02914574	Idle	OG	23	31S	29E	6100
George - Arvin Waterflood Unit		G10	02914581	Active	WD	23	31S	29E	6000
George - Arvin Waterflood Unit		G11	02914582	Active	WD	23	31S	29E	5800
George - Arvin Waterflood Unit		G13	02914583	Active	OG	23	31S	29E	5900
George - Arvin Waterflood Unit	↓	G2	02914575	Idle	OG	23	31S	29E	6000
George - Arvin Waterflood Unit		G3	02914576	Idle	OG	23	31S	29E	5800
George - Arvin Waterflood Unit		G5	02914577	Idle	OG	23	31S	29E	6000
George - Arvin Waterflood Unit		G7	02914578	Idle	OG	23	31S	29E	5960
George - Arvin Waterflood Unit	(34.0)	G8	02914579	Idle	WF	23	31S	29E	6125
George - Arvin Waterflood Unit	(34.0)	G9	02914580	Idle	OG	23	31S	29E	5810
George - Kirkorian	(36.0)	14X-23	02947968	Active	OG	23	31S	29E	6000
George		14	02914590	Active	OG	23	31S	29E	6110
George		15	02914591	Active	OG	23	31S	29E	6000
George		16	02914592	Active	OG	23	31S	29E	5960
George	↓	17	02914593	Active	OG	23	31S	29E	5901
George		18	02914594	Active	OG	23	31S	29E	6200
George		19	02914595	Active	WD	23	31S	29E	5888
George		20	02914596	Idle	OG	23	31S	29E	6200
George		20X	02946852	Idle	OG	23	31S	29E	6190
George		21	02954044	Active	OG	23	31S	29E	6000
George	(36.0)	4	02914587	Idle	OG	23	31S	29E	5206
Greer		1	02914306	Active	OG	19	30S	29E	5355
Kane-Bloemer		1	02914331	Active	OG	19	30S	29E	5900
Kane-Bloemer		2	02914332	Active	OG	19	30S	29E	5390
Kane-Bloemer		3	02942136	Active	OG	19	30S	29E	5490
Kane-Bloemer		4	02942167	Active	OG	19	30S	29E	5540
Kane-Ross		1	02900653	Active	OG	19	30S	29E	5900
Kundert		1	02914333	Active	OG	19	30S	29E	6200
Kundert		2	02914334	Active	OG	19	30S	29E	5190
Kundert		3	02914335	Active	OG	19	30S	29E	5990
Kundert		15-33	02965225	Active	WD	15	29S	26E	7000
Nomeco-Yates		15-34	02968870	Active	OG	15	29S	26E	7000
NW Strand		1	02954493	Active	OG	36	29S	25E	10060
Portman		1	02914551	Idle	OG	14	31S	29E	6100
Portman		2	02914552	Idle	OG	14	31S	29E	6100
Portman		3	02914553	Idle	OG	14	31S	29E	6100

WPM J.S. PB

Red Ribbon Lease 1	(16.0)	1	02906810	Idle	OG	27	29S	27E	4108
Red Ribbon Lease 1	↓	2	02906811	Idle	OG	27	29S	27E	4242
Red Ribbon Lease 1		3	02906812	Active	OG	27	29S	27E	4010
Red Ribbon Lease 1		4	02906813	Active	WD	27	29S	27E	4260
Red Ribbon Lease 1	↓	5	02906814	Active	OG	27	29S	27E	4220
Red Ribbon Lease 1		6	02906815	Active	OG	27	29S	27E	4145
Red Ribbon Lease 1		7	02906816	Active	OG	27	29S	27E	4182
Red Ribbon Lease 2		1	02908185	Active	OG	27	29S	27E	4300
Red Ribbon Lease 2		2	02908186	Active	OG	27	29S	27E	4125
Red Ribbon Lease 2		3	02908187	Active	OG	27	29S	27E	4230
Red Ribbon Lease 2	↓	4	02908188	Active	WD	27	29S	27E	4224
Smoot		3	02906824	Active	OG	28	29S	27E	4340
Sunland-Smoot		1	02962637	Active	OG	28	29S	27E	4400
Tenneco Fee		22-15	02960370	Active	OG	15	29S	26E	6920
Tenneco Fee	(16.0)	32X-15	02961422	Active	OG	15	29S	26E	7200
Tenneco	(16.0)	1	02962133	Active	OG	28	29S	27E	6960
Welcome Valley Still-Mabury		1	02936282	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		10	02936291	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		11	02936292	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		1B	02936278	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		2	02936283	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		2B	02936279	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		3	02936284	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		4	02936285	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		4B	02936281	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		5	02936286	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		6	02936287	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		7	02936288	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		8	02936289	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		9	02936290	Idle	OG	1	26S	18E	500
Welcome Valley - North Basin Energy		1	02958858	Idle	OG	1	26S	18E	500
Total Wells = 132									

WBAJ AB PB

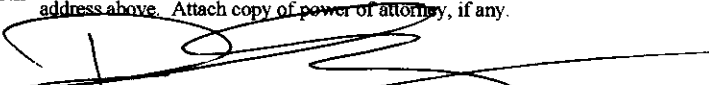
Sunray Petroleum, Inc.
BATCH LEASES

Armstrong	1	02906817	Active	OG	28	29S	27E	4365
Dillon	2	02908342	Active	OG	27	29S	27E	4005
Duke	1	02906819	Active	WD	28	29S	27E	4375
E & H Dillon	1	02906781	Active	OG	27	29S	27E	4070
Norneco-Yates	15-33	02965225	Active	WD	15	29S	26E	7000
Norneco-Yates	15-34	02968870	Active	OG	15	29S	26E	7000
NW Strand	1	02954493	Active	OG	36	29S	25E	10060
Red Ribbon Lease 1	1	02906810	Idle	OG	27	29S	27E	4108
Red Ribbon Lease 1	2	02906811	Idle	OG	27	29S	27E	4242
Red Ribbon Lease 1	3	02906812	Active	OG	27	29S	27E	4010
Red Ribbon Lease 1	4	02906813	Active	WD	27	29S	27E	4260
Red Ribbon Lease 1	5	02906814	Active	OG	27	29S	27E	4220
Red Ribbon Lease 1	6	02906815	Active	OG	27	29S	27E	4145
Red Ribbon Lease 1	7	02906816	Active	OG	27	29S	27E	4203
Red Ribbon Lease 2	1	02908185	Active	OG	27	29S	27E	4300
Red Ribbon Lease 2	2	02908186	Active	OG	27	29S	27E	4125
Red Ribbon Lease 2	3	02908187	Active	OG	27	29S	27E	4230
Red Ribbon Lease 2	4	02908188	Active	WD	27	29S	27E	4224
Smoot	3	02906824	Active	OG	28	29S	27E	4340
Sunland-Smoot	1	02962637	Active	OG	28	29S	27E	4400
Tenneco Fee	22-15	02960370	Active	OG	15	29S	26E	6920
Tenneco Fee	32X-15	02961422	Active	OG	15	29S	26E	7200
Tenneco	1	02962133	Active	OG	28	29S	27E	6960

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EXHIBIT 2

B 10 (Official Form 10) (04/10)

UNITED STATES BANKRUPTCY COURT District of Nevada <div style="text-align: center; font-size: 1.5em; font-weight: bold;">RECEIVED</div>		PROOF OF CLAIM
Name of Debtor: SUNRAY PETROLEUM, INC.		Case Number: 11-19196-lbr
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): DAVID MICHAEL FLYNN		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.
Name and address where notices should be sent: 650 WHITE DRIVE, SUITE 120 LAS VEGAS, NEVADA 89119		Court Claim Number: _____ (If known)
Telephone number: (702) 277-8611		Filed on: _____
Name and address where payment should be sent (if different from above):		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
Telephone number:		<input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
1. Amount of Claim as of Date Case Filed: \$ 601,655.04 If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5). Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)().
2. Basis for Claim: MONEY LOANED (See instruction #2 on reverse side.)		Amount entitled to priority: \$ _____ *Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.
3. Last four digits of any number by which creditor identifies debtor: 0001 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input checked="" type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: Secured by all assets of company including all equipment and oil well leases. Value of Property: \$ _____ Annual Interest Rate _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: UCC-1 (CA) Amount of Secured Claim: \$ 601,655.04 Amount Unsecured: \$ _____		
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.		
7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:		
Date: 10/04/2011 Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. 		FOR COURT USE ONLY

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

LOAN AGREEMENT

This LOAN AGREEMENT ("Agreement") is entered into as of March 31, 2010 ("Effective Date") by and between Mainstream Ventures, Inc., a Nevada Corporation ("Mainstream"), James W. Scott ("Scott") and SunRay Petroleum, Inc., a Nevada Corporation ("SunRay") (collectively "Borrower") and David M. Flynn ("Lender") (collectively referred to as the "Parties").

WHEREAS Lender has agreed to lend to Mainstream \$125,000.00 US ("Loan") under the terms and conditions listed herein;

NOW THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Loan.

- a. Principal. Subject to the terms and conditions hereof, the Lender shall lend to Mainstream the principal amount of \$125,000.00 US ("Principal").
- b. Loan Term. The term of the Loan shall begin on the Effective Date and expire 360 days thereafter ("Loan Term").
- c. Loan Proceeds. The Loan Proceeds shall be delivered to Borrower by electronic wire as described on attached EXHIBIT A or by cashier's check (or other immediately-available funds).
- d. Repayment of Principal. Repayment of the Principal shall be made to Lender immediately upon expiration of the Loan Term ("Repayment"). Repayment shall be deemed satisfactory made by a third party on behalf of Borrower.
- e. Interest. Borrower shall pay interest to Lender on the Principal at a rate of twenty (20) percent per year on the basis of a 360-day year ("Interest"). In the event that full Repayment is not made upon expiration of the Loan Term, additional interest shall accrue at a rate of 1% per day on any outstanding Principal ("Additional Interest").
- f. Interest Payment Schedule. Borrower shall pay Interest to Lender simultaneous with Repayment.
- g. Place of Payments. All payments to be made to Lender shall be delivered to Lender by electronic wire as described on attached EXHIBIT B or by cashier's check (or other immediately-available funds) mailed to Lender and addressed as enumerated below under the Notices provision or at such other place of which the Lender notifies Mainstream in writing.
- h. Collateral. The Loan shall be secured as follows:
 - i. Scott's personal guarantee of the Principal together with any other fees or costs as provided for in this Agreement ("Personal Guarantee"); and
 - ii. By the collateral described on EXHIBITS C and D together with any real property, personal property or any rights, owned or leased by or to which SunRay is entitled and which are associated with the collateral described on EXHIBITS C and D as of the Effective Date or thereafter (collectively "SunRay Collateral").
- i. Convertible Interest. Borrower agrees that Lender may, at Lender's sole discretion, notify Borrower in writing of Lender's intent to forego payment of Interest on the Principal in cash in

exchange for 1,250,000 shares of common stock in Mainstream Ventures, Inc. ("Conversion"). Lender may exercise such Conversion at anytime during the Loan Term provided, however, that Lender may not exercise such Conversion prior to 30 days from the Effective Date. Such Conversion shall not effect any Additional Interest as described above.

2. **Warrants.** Borrower agrees to grant Lender warrants entitling Lender, at Lender's sole discretion, to acquire up to 1,250,000 additional shares of common stock in Mainstream Ventures, Inc. at a price of \$1.00 US per share ("Warrants"). Lender shall have up to 3 years from the Effective Date to exercise its Warrants. Lender may exercise its Warrants under its name or under a name of a nominee.
3. **Representations & Warranties.** Borrower represents and warrants to Lender as follows:
 - a. Borrower has the requisite authority to enter into the Agreement, and this Agreement shall represent a valid and binding obligation of both Mainstream and SunRay to Lender.
 - b. Other than such as has been disclosed to Lender in writing, there are no (1) delinquent federal tax claims or liens assessed or filed against Borrower; (2) judgments, decrees or orders of any court or governmental or administrative agency or instrumentality or other liens issued against Borrower; nor (3) lawsuits, claims, actions, arbitrations or similar actions pending or, to the best of either's knowledge, to be filed against Borrower.
 - c. The execution and delivery of this Agreement will not violate any indenture, agreement, or other instrument to which the Borrower is a party or by which the Borrower or any of the Collateral is bound.
4. **Events of Default.** The happening of any one or more of the following events shall constitute an Event of Default under this Agreement.
 - a. Mainstream fails to make Repayment as scheduled;
 - b. Borrower fails to perform, observe, or be in conformance with any term, condition, covenant or representation contained in this Agreement;
 - c. Any filing of a voluntary or involuntary petition by or against Mainstream or SunRay under any chapter of the Federal Bankruptcy Code or Mainstream or SunRay becomes insolvent;
 - d. If any of Borrower's representations or warranties herein proves to have been untrue in any material respect.
5. **Lender's Remedies.** Upon an Event of Default under this Agreement ("Default"), Lender may, at its option and sole discretion, exercise any and all of the following remedies:
 - a. Declare the Loan immediately due and payable;
 - b. Execute against the Personal Guarantee;
 - c. Immediately attach SunRay Collateral and, at Lender's sole discretion, force the liquidation of such portion thereof as necessary to achieve full Repayment and satisfaction of any outstanding Principal, Interest or other costs (including, but not limited to, costs of litigation, arbitration, court costs, attorneys' fees, etc.) incurred by Lender in enforcing the terms of this Agreement. Such liquidation shall require no further authorization whatsoever from SunRay (or any third-party);

d. Exercise any and all rights and remedies available at law and/or equity;

6. Miscellaneous.

- a. Fees and Expenses Paid by Borrower. Borrower shall pay all fees and expenses of Lender incurred in collecting or attempting to collect or otherwise enforce Lender's rights under this Agreement. In the event that any such expenses are not paid by Borrower, Lender may pay them, or any portion thereof, and the amount so paid shall be added to the Principal.
- b. No Partnership or Joint Venture. Notwithstanding anything to the contrary contained herein, or implied by this Agreement or any action pursuant thereto, Lender shall not be deemed a partner, joint venturer or participant with the Borrower, and Borrower hereby indemnifies and agrees to defend and hold harmless Lender (including the payment of reasonable attorneys' fees and litigation expenses) from any and all damages resulting from such a construction of the Parties' relationship.
- c. Indemnification. Borrower shall indemnify and hold harmless Lender from any and all claims, charges, losses, expenses and costs, including, without limitation, attorneys' fees and litigation expenses, resulting from any claims, actions or proceedings in connection with the execution, delivery and performance of this Agreement. The indemnification provided in this paragraph shall survive any termination, satisfaction or assignment of the Loan.
- d. Invalid Provisions; No Conflict. If any of the provisions of this Agreement (or the application thereof) shall, to any extent, be invalid or unenforceable, the remainder of the Agreement shall not be affected and shall remain valid and enforceable to the fullest extent permitted by law. In lieu of such illegal or unenforceable provisions, there shall be added automatically as part of this Agreement valid, legal and enforceable provisions as similar as possible in terms to such invalid, illegal or unenforceable provision(s). No provision of this Agreement shall be deemed in conflict with any other, and Borrower acknowledges that no such provision or interpretation thereof shall be deemed to diminish the rights of the Lender. Lender may at its option exhaust all remedies under this Agreement, either concurrently or independently, and in such order as it may determine.
- e. Amendments. No amendment, modification or cancellation of this Agreement shall be valid unless in writing and signed by the Party against whom enforcement is sought.
- f. Meaning of Particular Terms. "Borrower" and "Lender" shall include their respective heirs, personal representatives, successors and assigns.
- g. Time is of the Essence. Time is of the essence in the payment and performance of this Agreement.
- h. Governing Law, Jurisdiction and Venue. This Agreement and any controversy arising under it or in relation to it shall be governed by the laws applicable in Clark County, Nevada as applied to agreements made, entered into and performed entirely within Clark County, Nevada between Nevada residents. Borrower and Lender irrevocably consent to service, jurisdiction and venue of the courts within Clark County, Nevada for any such litigation and waive any other venue to which it might otherwise be entitled.
- i. No Delay or Waiver. No delay on the part of Lender in exercising any right hereunder or any failure to exercise the same shall operate as a waiver of such right; nor, in any event, shall any modification or waiver of the provisions of this Agreement be effective unless in writing; nor

WBM SP DS

shall any such waiver be applicable in any manner or instance except in the specific manner and instance for which it has been given.

- j. Waiver of Jury Trial. BORROWER AND LENDER HERBY WAIVE ANY RIGHT TO TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING OUT OF OR IN ANY WAY PERTAINING OR RELATING TO THIS AGREEMENT, OR (b) IN ANY WAY CONNECTED WITH OR PERTAINING TO OR INCIDENTAL TO ANY DEALINGS OF THE PARTIES WITH RESPECT TO THIS AGREEMENT. BORROWER AND LENDER AGREE THAT EITHER OR BOTH MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED AGREEMENT BETWEEN THEM IRREVOCABLY TO WAIVE TRIAL BY JURY, AND THAT ANY DISPUTE OR CONTROVERSY WHATSOEVER BETWEEN BORROWER AND LENDER SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.
- k. Notices. Any and all notices from one Party to the other shall be written and shall be validly given only if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, or if made by Federal Express or other delivery service which keeps records of deliveries and attempted deliveries, or if made by facsimile machine or email with electronic confirmation of delivery. Service shall be deemed made on the first business day delivery is validly attempted or upon receipt, whichever is sooner, and addressed as follows:

Borrower	Lender
Mainstream Ventures, Inc. ATTN: Lindsey Pinapfel 5955A W. Wigwam, #2A Las Vegas, NV 89139 Phone: (702) 360-0717 Fax: (702) 363-0295 Email: lindsey@zizzazz.com	David M. Flynn 1913 Realeza Court Las Vegas, NV 89102 Phone: (702) 277-8611 Fax: (702) _____ Email: dflynn@leelasvegas.com

A Party hereto may change its address for the purpose of receiving notices or demands by a written notice to the other Party. Such notice of change of address shall become effective upon the actual receipt thereof by the other Party.

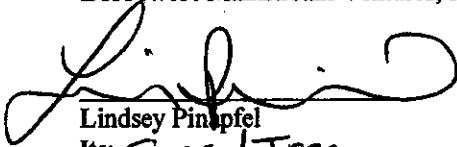
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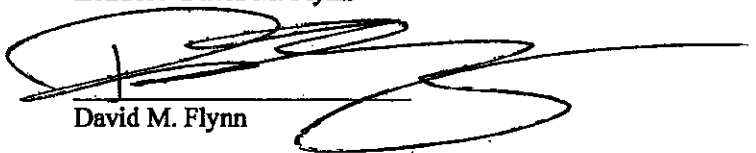
1. Entire Agreement. No oral understanding or agreement exists between the parties. Any and all prior oral understanding, negotiations or agreements are merged herein and are of no further force or effect.

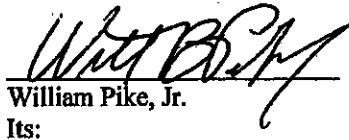
IN WITNESS WHEREOF, and intending to be legally bound, Borrower and Lender execute the Agreement.

Borrower: Mainstream Ventures, Inc.


Lindsey Pinnafel
Its: Sec/Trea.

Lender: David M. Flynn


David M. Flynn


William Pike, Jr.
Its:


Ron Solomon
Its:

Borrower: James W. Scott

James W. Scott

Borrower: SunRay Petroleum, Inc.

By: James W. Scott
Its: President

1. Entire Agreement. No oral understanding or agreement exists between the parties. Any and all prior oral understanding, negotiations or agreements are merged herein and are of no further force or effect.

IN WITNESS WHEREOF, and intending to be legally bound, Borrower and Lender execute the Agreement.

Borrower: Mainstream Ventures, Inc.

Lender: David M. Flynn


Lindsey Pinapfel
Its:

David M. Flynn

William Pike, Jr.
Its:

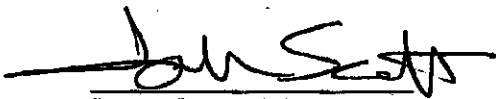
Ron Solomon
Its:

Borrower: James W. Scott



James W. Scott

Borrower: SunRay Petroleum, Inc.



By: James W. Scott
Its: President

EXHIBIT A

**WIRE INSTRUCTIONS
For Delivery of Loan Proceeds to Borrower**

Redacted

WMM AS JB

EXHIBIT B

WIRE INSTRUCTIONS

For Delivery of Repayment, Interest, Additional Interest to Lender

WBM A PB

EXHIBIT C

SUNRAY EQUIPMENT

SunRay Petroleum -- Free & Clear Equipment List						
1	Wagner Morehouse	Double Rig	Rig	E90200884	\$ 800,000	\$ 150,000
2	Wilson	Single Rig	Rig	472MR38DD10183	\$ 800,000	\$ 150,000
3	Wilson	Double Rig	Rig	10349	\$ 1,500,000	\$ 350,000
4	Ideco	Double Rig	Skytop Rig	DMV81716CA	\$ 800,000	\$ 200,000
5	Hopper	Double Rig	R-500	65860	\$ 1,500,000	\$ 300,000
6	Zieman*	Backhoe Trailer	Trailer	1ZE32X25EZP11587	\$ 6,000	\$ 1,500
7	Catepillar*	416 Backhoe	Backhoe	4ZN01641	\$ 120,000	\$ 35,000
8	Dorsey	Steel Dropdeck/Mud Pump Shaker trnk	Trailer	1DTP30W26EA163808	\$ 300,000	\$ 150,000
9	2 Sets of Rig Tools				\$ 160,000	\$ 50,000
10	1 Set of Rig Tools				\$ 80,000	\$ 50,000
11	1 Set of Tubing Tongs				\$ 30,000	\$ 10,000
12	Triplex Pump - Detroit Diesel Engine Model 6-71, #6A190925-C/W				\$ 150,000	\$ 80,000
					TOTALS: \$ 6,246,000	\$ 1,526,500

WBM LF

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EXHIBIT D

SUNRAY PETROLEUM LEASES

SUNRAY PETROLEUM WELL LIST BY LEASE									
Afana	(13.0)	1	02908871	Idle	OG	18	29S	29E	1250
Afana		10	02951203	Idle	OG	18	29S	29E	1220
Afana		11	02951204	Idle	OG	18	29S	29E	1222
Afana		12	02951205	Idle	OG	18	29S	29E	1260
Afana		13	02951206	Idle	OG	18	29S	29E	1280
Afana		14	02965568	Idle	OG	18	29S	29E	1265
Afana		1V	02968857	Idle	OG	18	29S	29E	1265
Afana		2	02908872	Idle	OG	18	29S	29E	1280
Afana		2V	02968858	Idle	OG	18	29S	29E	1220
Afana		3	02908873	Active	OG	18	29S	29E	1330
Afana		3V	02968859	Active	WD	18	29S	29E	1190
Afana	↓	4	02908874	Idle	OG	18	29S	29E	1258
Afana		4V	02968860	Idle	OG	18	29S	29E	1275
Afana		5-A	02960119	Idle	OG	18	29S	29E	1300
Afana		5V	02973711	Idle	OG	18	29S	29E	1270
Afana		6	02908876	Idle	OG	18	29S	29E	1350
Afana		6V	02973933	Idle	OG	18	29S	29E	1350
Afana		7	02908877	Idle	OG	18	29S	29E	1230
Afana		7V	02973934	Idle	OG	18	29S	29E	1340
Afana		8V	02973935	Idle	OG	18	29S	29E	1360
Afana	(13.0)	9	02908879	Active	OG	18	29S	29E	1200
ALS - Bloemer	(13.0)	10	02908789	Active	OG	18	29S	29E	1220
ALS - Bloemer		11	02908790	Idle	OG	18	29S	29E	1260
ALS - Bloemer		120	02969434	Idle	OG	18	29S	29E	1300
ALS - Bloemer	↓	16	02908791	Idle	OG	18	29S	29E	1260
ALS - Hood-Bloemer		1 A	02908792	Idle	OG	18	29S	29E	1200
ALS - Hood-Bloemer		108D	02971724	Idle	OG	18	29S	29E	1210
ALS - Hood-Bloemer		109	02969433	Active	OG	18	29S	29E	1275
ALS - Hood-Bloemer		2	02908793	Idle	OG	18	29S	29E	1230
ALS - Hood-Bloemer	(13.0)	3 A	02908794	Active	OG	18	29S	29E	1290
Altoona	(13.0)	1	02938193	Active	OG	25	32S	23E	1131
Altoona		2	02938194	Active	OG	25	32S	23E	1465
Altoona		3	02938195	Active	OG	25	32S	23E	1400
Altoona		4	02938196	Idle	OG	25	32S	23E	1376
Altoona		5	02938197	Idle	OG	25	32S	23E	1442
Altoona		6	02938198	Abandoned	OG	25	32S	23E	-
Altoona		7	02938199	Active	OG	25	32S	23E	1615
Altoona	↓	8	02938200	Idle	OG	25	32S	23E	1420
Altoona		A-1	02951445	Active	OG	25	32S	23E	1600
Altoona		C-1	02951266	Active	OG	25	32S	23E	1490
Altoona		C-2	02951639	Plugged	OG	25	32S	23E	0
Altoona		C-3	02951317	Idle	OG	25	32S	23E	1420
Altoona		C-5	02951318	Idle	OG	25	32S	23E	1680
Altoona		E-1	02951446	Idle	OG	25	32S	23E	1501
Altoona		SPI-1	03025431	Active	OG	25	32S	23E	2425
Altoona	(13.0)	SPI-5	03025606	Active	OG	25	32S	23E	1750
Armstrong		1	02906817	Active	OG	28	29S	27E	4365
Coast-Bronco	(13.0)	1	02935906	Idle	OG	8	11N	23W	

UBM AK JS

Deer Creek - Carnahan Bennington	(13.0)	1	10700005	Active	OG	10	22S	27E	1000
Deer Creek - Karen	(13.0)	1	10720152	Active	OG	10	22S	27E	1000
Deer Creek - Karen	(13.0)	2	10720153	Active	OG	10	22S	27E	985
Deer Creek - Bastian	(13.0)	2-3	10720068	Active	OG	10	22S	27E	1010
Deer Creek - Bastian	(13.0)	2-4	10720069	Active	OG	10	22S	27E	1009
Dillon	(16.0)	2	02908342	Active	OG	27	29S	27E	4005
Dillon (Newly Acquired Well)	(16.0)	3	29084339						
Dillon (Newly Acquired Well)	(16.0)	4	2908440						
Duke		1	02906819	Active	WD	28	29S	27E	4375
Durr	(34.0)	D1	02914540	Active	OG	14	31S	29E	6000
E & H Dillon	(16.0)	1	02906781	Active	OG	27	29S	27E	4070
Feeport		1	02900895	Idle	OG	19	30S	29E	4500
Fuller Acres		1	02944714	Active	OG	19	30S	29E	5100
Fuller Acres		2	02946341	Active	OG	19	30S	29E	5115
Fuller Acres		3	02946342	Active	OG	19	30S	29E	5205
George - Arvin Waterflood Unit	(34.0)	G1	02914574	Idle	OG	23	31S	29E	6100
George - Arvin Waterflood Unit		G10	02914581	Active	WD	23	31S	29E	6000
George - Arvin Waterflood Unit		G11	02914582	Active	WD	23	31S	29E	5800
George - Arvin Waterflood Unit		G13	02914583	Active	OG	23	31S	29E	5900
George - Arvin Waterflood Unit	↓	G2	02914575	Idle	OG	23	31S	29E	6000
George - Arvin Waterflood Unit		G3	02914576	Idle	OG	23	31S	29E	5800
George - Arvin Waterflood Unit		G5	02914577	Idle	OG	23	31S	29E	6000
George - Arvin Waterflood Unit		G7	02914578	Idle	OG	23	31S	29E	5960
George - Arvin Waterflood Unit	(34.0)	G8	02914579	Idle	WF	23	31S	29E	6125
George - Arvin Waterflood Unit	(34.0)	G9	02914580	Idle	OG	23	31S	29E	5810
George - Kirkorian	(36.0)	14X-23	02947968	Active	OG	23	31S	29E	6000
George		14	02914590	Active	OG	23	31S	29E	6110
George		15	02914591	Active	OG	23	31S	29E	6000
George		16	02914592	Active	OG	23	31S	29E	5960
George	↓	17	02914593	Active	OG	23	31S	29E	5901
George		18	02914594	Active	OG	23	31S	29E	6200
George		19	02914595	Active	WD	23	31S	29E	5888
George		20	02914596	Idle	OG	23	31S	29E	6200
George		20X	02946852	Idle	OG	23	31S	29E	6190
George		21	02954044	Active	OG	23	31S	29E	6000
George	(36.0)	4	02914587	Idle	OG	23	31S	29E	5206
Greer		1	02914306	Active	OG	19	30S	29E	5355
Kane-Bloemer		1	02914331	Active	OG	19	30S	29E	5900
Kane-Bloemer		2	02914332	Active	OG	19	30S	29E	5390
Kane-Bloemer		3	02942136	Active	OG	19	30S	29E	5490
Kane-Bloemer		4	02942167	Active	OG	19	30S	29E	5540
Kane-Ross		1	02900653	Active	OG	19	30S	29E	5900
Kundert		1	02914333	Active	OG	19	30S	29E	6200
Kundert		2	02914334	Active	OG	19	30S	29E	5190
Kundert		3	02914335	Active	OG	19	30S	29E	5990
Kundert		15-33	02965225	Active	WD	15	29S	26E	7000
Nomeco-Yates		15-34	02968870	Active	OG	15	29S	26E	7000
NW Strand		1	02954493	Active	OG	36	29S	25E	10060
Portman		1	02914551	Idle	OG	14	31S	29E	6100
Portman		2	02914552	Idle	OG	14	31S	29E	6100
Portman		3	02914553	Idle	OG	14	31S	29E	6100

WPM J.S. PB

Red Ribbon Lease 1	(16.0)	1	02906810	Idle	OG	27	29S	27E	4108
Red Ribbon Lease 1	↓	2	02906811	Idle	OG	27	29S	27E	4242
Red Ribbon Lease 1		3	02906812	Active	OG	27	29S	27E	4010
Red Ribbon Lease 1		4	02906813	Active	WD	27	29S	27E	4260
Red Ribbon Lease 1	↓	5	02906814	Active	OG	27	29S	27E	4220
Red Ribbon Lease 1		6	02906815	Active	OG	27	29S	27E	4145
Red Ribbon Lease 1		7	02906816	Active	OG	27	29S	27E	4182
Red Ribbon Lease 2		1	02908185	Active	OG	27	29S	27E	4300
Red Ribbon Lease 2		2	02908186	Active	OG	27	29S	27E	4125
Red Ribbon Lease 2		3	02908187	Active	OG	27	29S	27E	4230
Red Ribbon Lease 2	↓	4	02908188	Active	WD	27	29S	27E	4224
Smoot		3	02906824	Active	OG	28	29S	27E	4340
Sunland-Smoot		1	02962637	Active	OG	28	29S	27E	4400
Tenneco Fee		22-15	02960370	Active	OG	15	29S	26E	6920
Tenneco Fee	(16.0)	32X-15	02961422	Active	OG	15	29S	26E	7200
Tenneco	(16.0)	1	02962133	Active	OG	28	29S	27E	6960
Welcome Valley Still-Mabury		1	02936282	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		10	02936291	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		11	02936292	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		1B	02936278	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		2	02936283	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		2B	02936279	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		3	02936284	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		4	02936285	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		4B	02936281	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		5	02936286	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		6	02936287	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		7	02936288	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		8	02936289	Idle	OG	1	26S	18E	500
Welcome Valley Still-Mabury		9	02936290	Idle	OG	1	26S	18E	500
Welcome Valley - North Basin Energy		1	02958858	Idle	OG	1	26S	18E	500
Total Wells = 132									

WBAJ AB PB

Sunray Petroleum, Inc.
BATCH LEASES

Armstrong	1	02906817	Active	OG	28	29S	27E	4365
Dillon	2	02908342	Active	OG	27	29S	27E	4005
Duke	1	02906819	Active	WD	28	29S	27E	4375
E & H Dillon	1	02906781	Active	OG	27	29S	27E	4070
Norneco-Yates	15-33	02965225	Active	WD	15	29S	26E	7000
Norneco-Yates	15-34	02968870	Active	OG	15	29S	26E	7000
NW Strand	1	02954493	Active	OG	36	29S	25E	10060
Red Ribbon Lease 1	1	02906810	Idle	OG	27	29S	27E	4108
Red Ribbon Lease 1	2	02906811	Idle	OG	27	29S	27E	4242
Red Ribbon Lease 1	3	02906812	Active	OG	27	29S	27E	4010
Red Ribbon Lease 1	4	02906813	Active	WD	27	29S	27E	4260
Red Ribbon Lease 1	5	02906814	Active	OG	27	29S	27E	4220
Red Ribbon Lease 1	6	02906815	Active	OG	27	29S	27E	4145
Red Ribbon Lease 1	7	02906816	Active	OG	27	29S	27E	4203
Red Ribbon Lease 2	1	02908185	Active	OG	27	29S	27E	4300
Red Ribbon Lease 2	2	02908186	Active	OG	27	29S	27E	4125
Red Ribbon Lease 2	3	02908187	Active	OG	27	29S	27E	4230
Red Ribbon Lease 2	4	02908188	Active	WD	27	29S	27E	4224
Smoot	3	02906824	Active	OG	28	29S	27E	4340
Sunland-Smoot	1	02962637	Active	OG	28	29S	27E	4400
Tenneco Fee	22-15	02960370	Active	OG	15	29S	26E	6920
Tenneco Fee	32X-15	02961422	Active	OG	15	29S	26E	7200
Tenneco	1	02962133	Active	OG	28	29S	27E	6960

amp SH RB

Received 3/31/10

[Signature]

PURPOSE/REMITTER: DAVID FLYNN



CASHIER'S CHECK No. 7114500119

93-38
929

PAY ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS AND 00 CENTS

DATE: MARCH 31, 2010

TO THE ORDER OF: MAINSTREAM VENTURES INC.

[Faint background stamp: COPIED COPY \$125,000.00]

Location: 7114 BLUE DIAMOND RANCH

U.S. Bank National Association
Minneapolis, MN 55480

NON NEGOTIABLE

AUTHORIZED SIGNATURE

THIS DOCUMENT HAS AN ARTIFICIAL WATERMARK PRINTED ON THE BACK. THE FRONT OF THE DOCUMENT HAS A MICRO-PRINT BORDER. ABSENCE OF THESE FEATURES WILL INDICATE A COPY.



CASHIER'S CHECK No. 7114500119

93-38
929

PAY ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS AND 00 CENTS

DATE: MARCH 31, 2010

TO THE ORDER OF: MAINSTREAM VENTURES INC.

PURPOSE/REMITTER: DAVID FLYNN

Location: 7114 BLUE DIAMOND RANCH

\$ 125,000.00

[Signature]

David Flynn - Jim Scott/Sunray Petroleum Loan Balance

Days	Interest Per Day	Interest	Balance
March	1	\$69.44	\$125,069.44
April	30	\$69.44	\$127,152.64
May	31	\$69.44	\$129,305.28
June	30	\$69.44	\$131,388.48
July	31	\$69.44	\$133,541.12
August	31	\$69.44	\$135,693.76
September	30	\$69.44	\$137,776.96
October	31	\$69.44	\$139,929.60
November	30	\$69.44	\$142,012.80
December	31	\$69.44	\$144,165.44
January	31	\$69.44	\$146,318.08
February	28	\$69.44	\$148,262.40
March	31	\$69.44	\$150,415.04
April	30	\$70.44	\$152,528.24
May	31	\$71.44	\$154,742.88
June	10	\$72.44	\$155,467.28
July		\$73.44	\$155,467.28
August		\$74.44	\$155,467.28
September		\$75.44	\$155,467.28

361 Days from June 14, 2010 (Default day when Sunray sold assets pledged as collateral)
 \$451,250.00 Additional Interest per Loan Agreement from day Borrower defaulted on 6/14/10 by
 fraudulently selling assets pledged as collateral
\$601,665.04 Total Due



Debtor Name Inquiry

To view a specific filing document, select the **View** icon. A fee will be charged. Refer to the Fee Schedule in the **HELP** section for current fees.

Select an item under Filing Number to view all details for this record.

Select the **Show Details** button to view all details for all records.

This Debtor Name Search was performed on 02/25/2011 13:39 with the following search parameters:

DEBTOR NAME: SUN RAY PETROLEUM

MAILING ADDRESS:

City, State, Country:

Date From: 02/25/2006

<u>Order</u>	<u>View</u>	<u>Filing Number</u>	<u>Filing Type</u>	<u>Filing Date</u>	<u>Pages</u>	<u>Lapse Date</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>11-7261349761</u>	Financing Statement	02/22/2011 10:53	2	02/22/2016

Debtor - Organization	SUNRAY PETROLEUM, INC.	18803 HWY 65, BAKERSFIELD, CA, USA 93308
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<u>Order</u>	<u>View</u>	<u>Filing Number</u>	<u>Filing Type</u>	<u>Filing Date</u>	<u>Pages</u>	<u>Lapse Date</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>11-7261261714</u>	Financing Statement	02/21/2011 21:08	6	02/21/2016

Debtor - Organization	SUNRAY PETROLEUM, INC.	18803 HWY 65, BAKERSFIELD, CA, USA 93308
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Show Details

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SECRETARY OF STATE
STATE OF CALIFORNIA

UCC Filing Acknowledgement

02/22/2011

Page 1 of 1

FLYNN DAVID MICHAEL
1913 REALEZA COURT
LAS VEGAS NV 89102

Filing Fee: \$5.00
Total Fee: \$5.00

The California Secretary of State's Office has received and filed your document. The information below reflects the data that was indexed in our system. Please review the information for accuracy. Included is an image of the filed document to assist you in your review. If you find a potential error, please notify the UCC Section at the number listed below at your earliest convenience.

Filing Type: **Financing Statement**

File Date: **02/22/2011**

File Time: **10:53**

Filing Number: **11-7261349761**

Lapse Date: **02/22/2016**

Debtor(s):

ORGANIZATION

SUNRAY PETROLEUM, INC.

18803 HWY 65 BAKERSFIELD CA USA 93308

Secured Party(ies):

INDIVIDUAL

FLYNN, DAVID, MICHAEL,

1913 REALEZA COURT LAS VEGAS NV USA 89102

Filing by the Secretary of State is not conclusive proof that all conditions for securing priority have been met. Ensuring that accurate information is on the document to be filed is the responsibility of the filing party. If this filing is challenged, the Secretary of State does not guarantee that the filing is legally sufficient to secure priority under UCC Article 9 and expressly disclaims any liability for failure of the filing party to secure priority resulting from the information contained in the filed document, or the lack of information on the filed document.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]DAVID FLYNN
702-277-8611**B. SEND ACKNOWLEDGMENT TO: (Name and Address)**DAVID MICHAEL FLYNN
1913 REALEZA COURT
LAS VEGAS, NV 89102
USA

DOCUMENT NUMBER: 28011320002

FILING NUMBER: 11-7261349761

FILING DATE: 02/22/2011 10:53

IMAGE GENERATED ELECTRONICALLY FOR WEB FILING
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY**1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names****1a. ORGANIZATION'S NAME**

Sunray Petroleum, Inc.

OR 1b. INDIVIDUAL'S LAST NAME**FIRST NAME****MIDDLE NAME****SUFFIX****1c. MAILING ADDRESS**

18803 Hwy 65

CITY

Bakersfield

STATE

CA

POSTAL CODE

93308

COUNTRY

USA

1d. SEE INSTRUCTIONS**ADD'L DEBTOR INFO****1e. TYPE OF ORGANIZATION**

Corporation

1f. JURISDICTION OF ORGANIZATION

CA

1g. ORGANIZATIONAL ID#, if any☒ NONE**2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names****2a. ORGANIZATION'S NAME****OR 2b. INDIVIDUAL'S LAST NAME****FIRST NAME****MIDDLE NAME****SUFFIX****2c. MAILING ADDRESS****CITY****STATE****POSTAL CODE****COUNTRY****2d. SEE INSTRUCTIONS****ADD'L DEBTOR INFO****2e. TYPE OF ORGANIZATION****2f. JURISDICTION OF ORGANIZATION****2g. ORGANIZATIONAL ID#, if any**☐ NONE**3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)****3a. ORGANIZATION'S NAME****OR 3b. INDIVIDUAL'S LAST NAME****FIRST NAME**

DAVID

MIDDLE NAME

MICHAEL

SUFFIX**3c. MAILING ADDRESS**

1913 REALEZA COURT

CITY

LAS VEGAS

STATE

NV

POSTAL CODE

89102

COUNTRY

USA

4. This FINANCING STATEMENT covers the following collateral:

See Attachment(s)

5. ALT DESIGNATION: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING☐ 6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS
Attach Addendum [if applicable]**7. Check to REQUEST SEARCH REPORT(S) on Debtor(s)**[ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2**8. OPTIONAL FILER REFERENCE DATA**

FILING OFFICE COPY

Sunray Petroleum, Inc. Assets

Unit Number	Make/Model	Vin
T10	International	
T20	72 Ford	F600RP47197
P/U 1	GMC SIERRA	1GTJK333141F202469
P/U 2	00 CHEVY	1GCCS1945Y8107710
P/U 3	99 FORD	1FTNX21F9XED72000
P/U 4	99 FORD	1FTRX172111CF34509
P/U 5	95 CHEVY	1GZEV1455Z217263
P/U 6	91 FORD	2FTJF25G9MCB07128
P/U 7	05 DODGE	
P/U 8	05 CHEVY	
P10	UNION PUMP	
V10	VAC TRAILER	TTM925
1	71 TAIL LINER	6L92543
2	73 CALLAHAN	20027
3	74 TRAIL MOBILE	9223220022
4	73 BELL FLOWER	110
5	79 UTILITY	7L92321003
KW1	97 KENTWORTH	IXXDD99X9VR737733
KW2	75 KENT WATER	143467S
A-FRAME 1	86 CHECY	1GDE6D1A9GV101638
A-FRAME-2	80 FORD	F60HVHD0195
1	KING SWIVEL	
2	8X30 SUBACE	
3	40' MUD TANK FILTERS	
4	BREWSTER ROTARY TABLE	
5	6" MISSION PUMP	
6	GENERATORS	
7	2-GARDNER DENVER PUMPS	
1	SKID MOUNTED PUMP	
1	ALL DOWN HOLE TOOLS	



SECRETARY OF STATE
STATE OF CALIFORNIA

UCC Filing Acknowledgement

02/21/2011

Page 1 of 1

FLYNN D MICHAEL
1913 REALEZA COURT
LAS VEGAS NV 89102

Filing Fee: \$5.00
Total Fee: \$5.00

The California Secretary of State's Office has received and filed your document. The information below reflects the data that was indexed in our system. Please review the information for accuracy. Included is an image of the filed document to assist you in your review. If you find a potential error, please notify the UCC Section at the number listed below at your earliest convenience.

Filing Type: **Financing Statement**
Filing Number: **11-7261261714**

File Date: **02/21/2011**
Lapse Date: **02/21/2016**

File Time: **21:08**

Debtor(s):
ORGANIZATION

SUNRAY PETROLEUM, INC.

18803 HWY 65 BAKERSFIELD CA USA 93308

Secured Party(ies):
INDIVIDUAL

FLYNN, DAVID, MICHAEL,

1913 REALEZA COURT LAS VEGAS NV USA 89102

Filing by the Secretary of State is not conclusive proof that all conditions for securing priority have been met. Ensuring that accurate information is on the document to be filed is the responsibility of the filing party. If this filing is challenged, the Secretary of State does not guarantee that the filing is legally sufficient to secure priority under UCC Article 9 and expressly disclaims any liability for failure of the filing party to secure priority resulting from the information contained in the filed document, or the lack of information on the filed document.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional] D FLYNN 702-277-8611
B. SEND ACKNOWLEDGMENT TO: (Name and Address) D MICHAEL FLYNN 1913 REALEZA COURT LAS VEGAS, NV 89102 USA

DOCUMENT NUMBER: 28004450002

FILING NUMBER: 11-7261261714

FILING DATE: 02/21/2011 21:08

IMAGE GENERATED ELECTRONICALLY FOR WEB FILING
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY**1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names**

OR	1a. ORGANIZATION'S NAME Sunray Petroleum, Inc.			
	1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS 18803 Hwy 65		CITY Bakersfield	STATE CA	POSTAL CODE 93308
1d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	1e. TYPE OF ORGANIZATION Corporation	1f. JURISDICTION OF ORGANIZATION CA	1g. ORGANIZATIONAL ID#, If any <input checked="" type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

OR	2a. ORGANIZATION'S NAME			
	2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
2d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, If any <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)

OR	3a. ORGANIZATION'S NAME			
	3b. INDIVIDUAL'S LAST NAME Flynn	FIRST NAME David	MIDDLE NAME Michael	SUFFIX
3c. MAILING ADDRESS 1913 Realeza Court		CITY Las Vegas	STATE NV	POSTAL CODE 89102
				COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:

See Attachment(s)

5. ALT DESIGNATION: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING☐ 6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS
Attach Addendum [if applicable]7. Check to REQUEST SEARCH REPORT(S) on Debtor(s)
[ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2**8. OPTIONAL FILER REFERENCE DATA**

FILING OFFICE COPY

SunRay Petroleum -- Current Equipment List

Veh #	Year	Make	Model	Body Type	Vin #	NEW
1	1964	Wagner Morehouse	Double Rig	Rig	E90200884	\$ 800,000.00
2	1979	Wilson	Single Rig	Rig	472MRI38DD10183	\$ 800,000.00
3	1970	Wilson	Double Rig	Rig	10349	\$ 1,500,000.00
4	1981	Ideco	Double Rig	Skytop Rig	DMV81716CA	\$ 800,000.00
5	1956	Hopper	Double Rig	R-500	65860	\$ 1,500,000.00

Other Eqt Year	Make	Model	Body Type	Vin #	NEW
6	1984	Zieman*	Backhoe Trailer	1ZE32X25EZP11587	\$ 6,000.00
7	1997	Catepillar*	416 Backhoe	4ZN01641	\$ 120,000.00
8	1984	Dorsey	ropdeck/Mud Pump Sha	1DTP30W26EA163808	\$ 300,000.00

Rig Tools	NEW
9 2 Sets of Rig Tools	\$ 160,000.00
10 1 Set of Rig Tools	\$ 80,000.00
11 1 Set of Tubing Tongs	\$ 30,000.00

Well Servicing, Drilling and Workover Equipment	NEW
12 Triplex Pump - Detroit Diesel Engine Model 6-71, #6A190925-C/W	\$ 150,000.00
TOTALS	\$ 6,246,000.00

Sunray Petroleum, Inc - List of oil well leases owned

Information Located at: <http://opi.consrv.ca.gov/opi/opi.dll>

DIST	OPERATOR	FIELD	LEASE	WELL#	API	STATUS	POOL	TYPE	PWT	STAT	S	T	R	BM	OP	CD	FIELD	AREA	NAME	POOL
	Sunray Petroleum, Inc.	Mountain View	Kane-Ross	1	02900653	Active	00	OG	Active		19	30S	29E	MD	S7165		490	12	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Feeport	1	02900895	Idle	00	OG	Idle		19	30S	29E	MD	S7165		490	12	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	E & H Dillon	1	02906781	Active	00	OG	Active		27	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 1	1	02906810	Active	00	OG	Active		27	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 1	2	02906811	Active	00	OG	Idle		27	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 1	2	02906811	Active	15	WD	Plugged		27	29S	27E	MD	S7165		256	09	Main Area	Martin & Kemco
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 1	2	02906811	Active	10	WD	Active		27	29S	27E	MD	S7165		256	09	Main Area	Chanac
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 1	3	02906812	Active	00	OG	Active		27	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 1	4	02906813	Active	15	WD	Active		27	29S	27E	MD	S7165		256	09	Main Area	Martin & Kemco
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 1	4	02906813	Active	00	OG	Plugged		27	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 1	5	02906814	Active	00	OG	Active		27	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 1	6	02906815	Active	00	OG	Active		27	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 1	7	02906816	Active	00	OG	Active		27	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Armstrong	1	02906817	Plugged	00	OG	Plugged		28	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Duke	1	02906819	Active	10	WD	Cancelled		28	29S	27E	MD	S7165		256	09	Main Area	Chanac
4	Sunray Petroleum, Inc.	Fruitvale	Duke	1	02906819	Active	00	OG	Plugged		28	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Duke	1	02906819	Active	20	WD	Active		28	29S	27E	MD	S7165		256	09	Main Area	Kemco
4	Sunray Petroleum, Inc.	Fruitvale	Smoot	3	02906824	Active	00	OG	Active		28	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 2	1	02906815	Active	10	WD	New		27	29S	27E	MD	S7165		256	09	Main Area	Chanac
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 2	1	02906815	Active	00	OG	Active		27	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 2	2	02906816	Active	00	OG	Active		27	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 2	3	02906817	Active	00	OG	Active		27	29S	27E	MD	S7165		256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 2	4	02906818	Active	10	WD	Active		27	29S	27E	MD	S7165		256	09	Main Area	Chanac

4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 2	4	02908188	Active	00	OG	Plugged	27	29S	27E	MD	S7165	256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Red Ribbon Lease 2	4	02908188	Active	10	WF	Plugged	27	29S	27E	MD	S7165	256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Dillon	2	02908342	Active	00	OG	Active	27	29S	27E	MD	S7165	256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Dillon	3	02908439	Active	00	OG	Active	27	29S	27E	MD	S7165	256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Dillon	4	02908440	Active	00	OG	Active	27	29S	27E	MD	S7165	256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Kem Bluff	Hood-Bloemer	1 A	02908792	Idle	05	OG	Idle	18	29S	29E	MD	S7165	336	00	Any Area	Miocene
4	Sunray Petroleum, Inc.	Kem Bluff	Hood-Bloemer	2	02908793	Idle	05	OG	Idle	18	29S	29E	MD	S7165	336	00	Any Area	Miocene
4	Sunray Petroleum, Inc.	Kem Bluff	Hood-Bloemer	3 A	02908794	Idle	05	OG	Idle	18	29S	29E	MD	S7165	336	00	Any Area	Miocene
4	Sunray Petroleum, Inc.	Mountain View	Greer	1	02914306	Active	00	OG	Active	19	30S	29E	MD	S7165	490	12	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Kane-Bloemer	1	02914331	Active	00	OG	Active	19	30S	29E	MD	S7165	490	12	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Kane-Bloemer	2	02914332	Active	00	OG	Active	19	30S	29E	MD	S7165	490	12	Main Area	No Pool Breakdown
	Sunray Petroleum, Inc.	Rosedale	Nonoco-Yates	15-33	02965225	Active	10	OG	Plugged	15	29S	26E	MD	S7165	624	06	Main Area	Stevens
4	Sunray Petroleum, Inc.	Rosedale	Nonoco-Yates	15-34	02968870	Active	10	OG	Active	15	29S	26E	MD	S7165	624	06	Main Area	Stevens
4	Sunray Petroleum, Inc.	Kem Bluff	Hood-Bloemer	109	02969433	Idle	05	OG	Active	18	29S	29E	MD	S7165	336	00	Any Area	Miocene
4	Sunray Petroleum, Inc.	Kem Bluff	Hood-Bloemer	109	02969433	Idle	05	SC		18	29S	29E	MD	S7165	336	00	Any Area	Miocene
4	Sunray Petroleum, Inc.	Kem Bluff	Hood-Bloemer	108D	02971724	Idle	05	OG	Idle	18	29S	29E	MD	S7165	336	00	Any Area	Miocene
	Sunray Petroleum, Inc.	Mountain View	Kundert	1	02914333	Active	00	OG	Active	19	30S	29E	MD	S7165	490	12	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Kundert	2	02914334	Active	00	OG	Active	19	30S	29E	MD	S7165	490	12	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Kundert	3	02914335	Active	00	OG	Active	19	30S	29E	MD	S7165	490	12	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Kundert	D1	02914540	Active	00	OG	Active	14	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Portman	1	02914561	Idle	00	OG	Idle	14	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Portman	2	02914562	Active	00	OG	Active	14	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Portman	3	02914563	Active	00	OG	Active	14	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood	G1	02914574	Idle	00	OG	Idle	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood	G2	02914575	Idle	00	OG	Idle	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood	G3	02914576	Idle	00	OG	Idle	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown

4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G3	02914576	Idle	10	WD	Cancelled	23	31S	29E	MD	S7165	490	03	Arvin Area	Chanac-George No Pool
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G5	02914577	Idle	00	OG	Idle	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G7	02914578	Idle	00	OG	Plugged	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G7	02914578	Idle	15	WD	Idle	23	31S	29E	MD	S7165	490	03	Arvin Area	Santa Margarita
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G8	02914579	Idle	10	WF	Idle	23	31S	29E	MD	S7165	490	03	Arvin Area	Chanac-George No Pool
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G9	02914580	Active	00	OG	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G10	02914581	Active	00	OG	Plugged	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G10	02914581	Active	10	WD	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	Chanac-George
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G11	02914582	Active	10	WF	Plugged	23	31S	29E	MD	S7165	490	03	Arvin Area	Chanac-George No Pool
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G11	02914582	Active	00	OG	Plugged	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G11	02914582	Active	10	WD	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	Chanac-George
4	Sunray Petroleum, Inc.	Mountain View	Arvin Waterflood Unit	G13	02914583	Active	00	OG	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	George	4	02914587	Idle	10	OG	Idle	23	31S	29E	MD	S7165	490	06	Arvin, West Area	Richards
4	Sunray Petroleum, Inc.	Mountain View	George	14	02914590	Active	00	OG	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	George	15	02914591	Active	00	OG	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	George	16	02914592	Active	00	OG	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	George	16	02914592	Active	00	OG	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	George	16	02914592	Active	00	OG	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	George	17	02914593	Active	00	OG	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	Chanac-George No Pool
4	Sunray Petroleum, Inc.	Mountain View	George	18	02914594	Active	00	OG	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	George	19	02914595	Active	05	WD	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	Kern River
4	Sunray Petroleum, Inc.	Mountain View	George	20	02914596	Idle	10	OG	Idle	23	31S	29E	MD	S7165	490	06	Arvin, West Area	Richards
4	Sunray Petroleum, Inc.	Mountain View	Kane-Bloemer	3	02942136	Active	00	OG	Active	19	30S	29E	MD	S7165	490	12	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Kane-Bloemer	4	02942167	Active	00	OG	Active	19	30S	29E	MD	S7165	490	12	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Fuller Acres	1	02944714	Active	00	OG	Active	19	30S	29E	MD	S7165	490	12	Main Area	Breakdown
4	Sunray Petroleum, Inc.	Mountain View	Fuller Acres	1	02944714	Active	15	WD	New	19	30S	29E	MD	S7165	490	12	Main Area	Transition-Santa Margarita
4	Sunray Petroleum, Inc.	Mountain View	Fuller Acres	2	02946341	Active	00	OG	Active	19	30S	29E	MD	S7165	490	12	Main Area	No Pool Breakdown

4	Sunray Petroleum, Inc.	Mountain View	Fuller Acres	3	02946342	Active	00	OG	Active	19	30S	29E	MD	S7165	490	12	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	George	20X	02946852	Active	15	OG	Active	23	31S	29E	MD	S7165	490	06	Arvin, West Area	Chanac-Cattani
4	Sunray Petroleum, Inc.	Mountain View	Kirkorian	14X-23	02947968	Active	15	OG	Active	23	31S	29E	MD	S7165	490	06	Arvin, West Area	Chanac-Cattani
4	Sunray Petroleum, Inc.	Midway-Sunset	Altoona	C-2	02951639	Plugged	00	OG	Plugged	25	32S	23E	MD	S7165	464	00	Any Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Midway-Sunset	Altoona	C-2	02951639	Plugged	00	SC	Plugged	25	32S	23E	MD	S7165	464	00	Any Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Mountain View	George	21	02954044	Active	00	OG	Active	23	31S	29E	MD	S7165	490	03	Arvin Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Strand	NW Strand	1	02954493	Idle	05	OG	Idle	36	29S	25E	MD	S7165	720	09	Northwest Area	Stevens
4	Sunray Petroleum, Inc.	Rosedale	Tenneco Fee	22-15	02960370	Active	10	OG	Active	15	29S	26E	MD	S7165	624	06	Main Area	Stevens
4	Sunray Petroleum, Inc.	Rosedale	Tenneco Fee	32X-15	02961422	Active	10	OG	Active	15	29S	26E	MD	S7165	624	06	Main Area	Stevens
4	Sunray Petroleum, Inc.	Fruitvale	Tenneco	1	02962133	Active	00	OG	Active	28	29S	27E	MD	S7165	256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Fruitvale	Sunland-Smoot	1	02962637	Active	00	OG	Active	28	29S	27E	MD	S7165	256	09	Main Area	No Pool Breakdown
4	Sunray Petroleum, Inc.	Rosedale	Nomco-Yates	15-33	02965225	Active	05	WD	Active	15	29S	26E	MD	S7165	624	06	Main Area	Ethegoin

COBURN LAW OFFICES
COMP
ANDREW L. REMPFER, ESQ.
Nevada State Bar No. 008628
DAVID J. WEDEMEYER, ESQ.
Nevada State Bar No. 011318
9555 S. Eastern Ave., Suite 280
Las Vegas, Nevada 89123
Telephone (702) 384-3616
Facsimile (702) 943-1936
ALR@CoburnLaw.com
Attorneys for Plaintiff

SUNRAY PETROLEUM, INC., a domestic corporation; JAMES W. SCOTT, an individual; MAINSTREAM VENTURES, INC., a domestic corporation; RJ WELCH, an individual; and DOES I through X inclusive; ROE Corporations I through X, inclusive,

COMES NOW, Plaintiff DAVID FLYNN, an individual (hereinafter referred to as "Plaintiff") by and through his counsel of record, Cogburn Law Offices, and for his complaint against SUNRAY PETROLEUM, INC., a domestic corporation; JAMES W. SCOTT, an individual; MAINSTREAM VENTURES, INC., a domestic corporation; and RJ WELCH, an individual (collectively as "Defendants"), alleges as follows:

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170 S. Green Valley Pkwy., Suite 280
Henderson, Nevada 89012
(702) 384-3616 FAX: (702) 943-1936

THE PARTIES

1
2 1. At all relevant times to this Complaint, Plaintiff was a resident of the County of
3 Clark, State of Nevada.

4 2. At all relevant times to this Complaint, SUNRAY PETROLEUM, INC. was a
5 business incorporated under the laws of the State of Nevada conducting business within the
6 County of Clark, State of Nevada.

7 3. At all relevant times to this Complaint, MAINSTREAM VENTURES, INC. was a
8 business incorporated under the laws of the State of Nevada conducting business within the
9 County of Clark, State of Nevada.

10 4. At all relevant times to this Complaint, JAMES W. SCOTT ("Scott") was the
11 owner of SUNRAY PETROLEUM, INC. and solicited business in the County of Clark, State of
12 Nevada.

13 5. At all relevant times to this Complaint, RJ WELCH ("Welch") was a resident of the
14 County of Clark, State of Nevada.

15 6. DOE Defendants I through X, inclusive, and ROE Corporation Defendants I
16 through X, inclusive, are unknown at the present and thus sued by Plaintiff in such fictitious
17 names. Plaintiff alleges, however, that said Defendants are in some manner responsible for the
18 damages sustained by Plaintiff and that said Defendant will be named with particularity once
19 their identities are known. At such time, Plaintiff will seek leave of court to state more fully
20 therein the names, acts, and/or omissions.

GENERAL ALLEGATIONS

21
22 7. During the year 2010, Plaintiff worked in the commercial real estate industry in
23 Las Vegas, Nevada.

24 8. Through his dealings in commercial real estate, Plaintiff knew RJ Welch
25 ("Welch"). Plaintiff and Welch discussed, among other things, potential business opportunities
26 as Welch searched for investors a company he was affiliated with, Mainstream Ventures, Inc.

27 9. Welch attempted to raise capital for Mainstream Ventures, Inc. from various
28 sources such as Plaintiff's business associates in the commercial real estate industry as well.

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1 10. Plaintiff believed Welch was both an investor and an employee or consultant to
2 Mainstream Ventures, Inc.

3 11. During January 2010, Welch presented Plaintiff with a chance to invest in
4 Mainstream Ventures, Inc., Welch's startup company that marketed and sold a line of powered
5 energy drinks under the brand "ZizZazz".

6 12. Welch – acting as the intermediary between Plaintiff and James W. Scott –
7 proposed several different structures for loans he was soliciting for Mainstream Ventures, Inc.

8 13. Welch represented to Plaintiff that Scott agreed with Welch and Mainstream
9 Ventures, Inc. to guaranty any loans provided by Plaintiff. Plaintiff was not privy to the
10 negotiations regarding Scott guarantying Plaintiff's loans, thus has not personal knowledge of
11 those negotiations with the exceptions of the representations made to him.

12 14. The backbone of the proposed loan structures was personal guarantees and
13 collateral pledges offered by Scott, which would be secured by Sunray Petroleum, Inc. assets
14 owned or purported to be owned by Scott.

15 15. Welch sent Plaintiff several emails regarding Scott's Sunray Petroleum, Inc.
16 assets including, among other things, the purported value of the assets.

17 16. Specifically, on March 18, 2010 Welch sent Plaintiff multiple emails regarding
18 Sunray Petroleum, Inc.'s company background, information on assets, and several asset
19 schedules listing assets valued at over \$10,000,000.00.

20 17. Plaintiff met with the management team of Mainstream Ventures, Inc./ZizZazz
21 and agreed to loan Mainstream Ventures, Inc. \$125,000.00 on a one (1) year promissory note at
22 an interest rate of twenty percent (20%), plus one percent (1%) per day if the loan was not paid
23 back in full pursuant to the terms and conditions of the contract and promissory note.

24 18. In addition, Plaintiff was to receive 1,250,000 warrants to purchase shares of
25 common stock in Mainstream Ventures, Inc. with an option to convert the entire principal and
26 interest into an additional 1,250,000 shares of Mainstream Ventures, Inc.

27 19. Plaintiff's \$125,000.00 loan to Mainstream Ventures, Inc. was personally
28 guaranteed by Scott, Mainstream Ventures, Inc., and Sunray Petroleum, Inc.

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1 20. Scott pledged his assets in Sunray Petroleum, Inc. as collateral to secure
2 Plaintiff's loan, including, without limitation, one hundred thirty-two (132) petroleum leased
3 alleged to be worth millions of dollars, specific equipment alleged to have a liquidation value of
4 \$1,526,500.00, other real property, personal property, or any rights owned or leased by or to
5 which Sunray Petroleum, Inc. would have been entitled to, which would have been associated
6 with any of the above pledged assets on or after March 31, 2010 (collectively "Pledged Assets").

7 21. Scott offered the pledged assets as collateral to secure Plaintiff's loan and used to
8 induce Plaintiff to lend the money.

9 22. Prior to the execution of the loan documents, Welch informed Plaintiff that Scott
10 was finalizing the sale of his assets in Sunray Petroleum, Inc. and that Plaintiff would likely be
11 repaid shortly thereafter.

12 23. Based on this information, Plaintiff leveraged his ownership interest in a theater
13 in the Planet Hollywood Resort & Casino in the sum of \$100,000.00. Plaintiff's ownership
14 interest was substantially more than \$100,000.00.

15 24. On or about March 31, 2010, Plaintiff and Defendants executed the loan
16 documents and Plaintiff provided a cashier's check to Mainstream Ventures, Inc. for the sum of
17 \$125,000.00.

18 25. Pursuant to the terms and conditions of the agreement between Plaintiff and
19 Defendants, Plaintiff was to receive UCC-1 filings to secure his interest with Scott's assets in
20 Sunray Petroleum, Inc. as collateral for the \$125,000.00 loan to Mainstream Ventures, Inc.

21 26. On or about April 1, 2010, Plaintiff received the purported UCC-1 filings via an
22 three (3) emails sent from Welch.

23 27. Plaintiff would later come to discover the purported UCC-1 liens were never
24 filed, the formed sent to Plaintiff by Welch were outdated and would not have been accepted by
25 the California Secretary of State's office even if they had been submitted.

26 28. On or about mid-April 2010, Welch represented to Plaintiff the sale of the
27 collateral assets was pending and that Plaintiff would be repaid shortly thereafter.
28

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1 29. On or about mid-May 2010, Welch again represented to Plaintiff the sale of the
2 collateral assets was pending and that Plaintiff would be repaid shortly thereafter.

3 30. Defendants represented to Plaintiff Sunray Petroleum, Inc. assets would be sold,
4 but did not distinguish as to which assets specifically would be sold. Plaintiff believed Welch's
5 representations and believed intended to fulfill his contractual obligations to use the proceeds
6 from any sale of Pledged Assets to repay the loan.

7 31. During June 2010, Plaintiff began working at Global Business Marketing, Inc.
8 ("GBM").

9 32. Prior to Plaintiff's affiliation with GBM, Scott was already a member of GBM's
10 Board of Directors and was working with GBM to market a soil amendment from a mine
11 purportedly owned by Scott.

12 33. During the final days of June 2010, while in a meeting at GBM, Plaintiff asked
13 Scott about the pending sale of the Pledged Assets. Scott represented there was no sale
14 contemplated and Welch was mistaken.

15 34. Plaintiff would later learn Scott previously sold many of the Pledged Assets prior
16 to this conversation.

17 35. Scott failed to inform Plaintiff that on or about June 14, 2010, Scott sold the
18 majority of the Sunray Petroleum, Inc. assets pledged as collateral for the \$125,000.00, which
19 Plaintiff had a putative security interest in pursuant to UCC-1.

20 36. Plaintiff's obligation to repay the \$100,000.00 loan – leveraging his ownership
21 interest in the theater – was due on July 1, 2010. To date, Plaintiff has not received an
22 payments/funds from defendants.

23 37. As a result of Scott's acts and/or omissions as set forth in the preceding
24 paragraphs, Plaintiff could not repay the \$100,000.00 and lost his interest in the theater.

25 38. On February 21, 2011, Plaintiff reviewed the loan documents as the loan was
26 coming due.

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1 39. After searching the leases online, Plaintiff became aware the majority of the wells
2 pledged to him as collateral assets by Scott had been sold to Amrich Energy, a California
3 business.

4 40. As a result, Plaintiff immediately contacted Amrich Energy regarding Sunray's
5 Assets and was informed that in fact on June 14, 2010, Amrich purchased the majority of the
6 Sunray Petroleum, Inc. assets pledged as collateral by Scott and was closing on the remaining
7 Pledged Assets shortly thereafter.

8 41. As a result of the information obtained from Amrich Energy of California,
9 Plaintiff immediately filed the UCC-1 liens on the remaining assets and informed Amrich
10 Energy of California via facsimile and email that he had an interest in the assets.

11 42. On February 22, 2011, Plaintiff called Scott to discuss his concerns regarding the
12 loan and collateral assets. Scott threatened Plaintiff and represented that if Plaintiff "dared" to
13 lien any assets, Scott would go to the Attorney General and accuse Plaintiff of fraud.

14 43. Plaintiff was never repaid the loan of \$125,000.00 he issued to Mainstream
15 Venture, Inc. pursuant to the terms and conditions of the agreement between the Parties.

16 44. As a result of Defendants' acts and/or omissions, Plaintiff suffered injury and has
17 been damages in an amount in excess of \$10,000.00.

18 45. Further, as a result of Defendants' acts and/or omissions, Plaintiff was forced to
19 retain the services of counsel to prosecute this action and therefore is entitled to attorneys' fees
20 and costs.

21 **FIRST CLAIM FOR RELIEF**
22 **(Breach of Contract)**

23 46. Plaintiff repeats and realleges and incorporates by reference the allegations set
24 forth above as though fully stated herein.

25 47. On or about March 31, 2010, Plaintiff and Defendants executed a valid contract
26 for a loan in the sum of \$125,000.00 to be issued to Mainstream Ventures, Inc. personally
27 guaranteed by Scott.
28

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48. Plaintiff fulfilled his obligations pursuant to the terms of the executed contract.

49. Defendants breached this agreement by failing to repay the loan pursuant to the terms and conditions of the executed contract and the promissory note.

50. Defendants breached this agreement by selling the assets that were pledged as collateral pursuant to the terms and conditions of the executed contract and the promissory note.

51. Defendants further breached the executed contract by selling assets that were to be held by Scott to secure Plaintiff's interest in the assets pursuant to the terms and conditions of the executed contract.

52. As a direct and proximate cause of breach, Plaintiff has suffered damages.

53. Plaintiff has been forced to retain the services of an attorney to prosecute this matter and is entitled to reasonable costs and attorneys' fees incurred herein.

SECOND CLAIM FOR RELIEF
(Contractual Breach of Covenant of Good Faith and Fair Dealing)

54. Plaintiff repeats and realleges and incorporates by reference the allegations set forth above as though fully stated herein.

55. Plaintiff and Defendants are parties to a valid and existing contract.

56. Defendants owe a duty of good faith and fair dealing to Plaintiff under the terms of the contract.

57. By failing to abide by the terms of the agreement by selling the assets which were to be held by Scott as collateral for Plaintiff's loan to Mainstream Ventures, Inc. and further misrepresenting to Plaintiff that the assets had not been sold.

58. By intentional misrepresenting to Plaintiff his UCC-1 liens had been filed when in fact the liens had not been filed, Defendants breached its duty of good faith and fair dealing.

59. As a direct and proximate result of Defendants' breach of its duty of good faith and fair dealing, Plaintiff has suffered damages in excess of \$10,000.00.

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1 70. Plaintiff justifiably relied on Defendants' representations and formed his basis that
2 Defendants would fulfill their respective obligations regarding the loan.

3 71. As a direct and proximate result of Defendants' breach of its duty of good faith
4 and fair dealing, Plaintiff has suffered damages in excess of \$10,000.00.

5 72. Plaintiff has been forced to retain the services of an attorney to prosecute this
6 matter and is entitled to reasonable costs and attorneys' fees incurred herein.

7
8 **FIFTH CLAIM FOR RELIEF**
9 **(Unjust Enrichment)**

10 73. Plaintiff repeats and realleges and incorporates by reference the allegations set
11 forth above as though fully stated herein.

12 74. Pursuant to the terms and conditions of the contract, Plaintiff provided Defendants
13 with a cashier's check in the sum of \$125,000.00.

14 75. Defendants failed to fulfill their respective obligations pursuant to the contract
15 and promissory note between the Parties and have falsely or otherwise misrepresented the facts
16 and circumstances to induce Plaintiff to provide them \$125,000.00.

17 76. To date, Defendants have not remitted payment of any kind to Plaintiff and have
18 been unjustly enriched – at a minimum in the sum of \$125,000.00 – by accepting Plaintiff's
19 \$125,000.00 with no intention of repaying the loan.

20 77. As a direct and proximate result of Defendants' breach of its duty of good faith
21 and fair dealing, Plaintiff has suffered damages in excess of \$10,000.00.

22 78. Plaintiff has been forced to retain the services of an attorney to prosecute this
23 matter and is entitled to reasonable costs and attorneys' fees incurred herein.

24 **SIXTH CLAIM FOR RELIEF**
25 **(Conversion)**

26 79. Plaintiff repeats and realleges and incorporates by reference the allegations set
27 forth above as though fully stated herein.

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1 80. Defendants have wrongfully exerted control, possession or domain over Plaintiff's
2 funds in the sum of - at a minimum - \$125,000.00.

3 81. Defendants' retention of Plaintiff's \$125,000.00 is adverse and inconsistent to
4 Plaintiff's right to have the \$125,000.00 repaid pursuant to the terms and conditions of the
5 contract and promissory note.

6 82. Defendants' actions were in derogation, exclusion, or defiance of Plaintiff's title
7 or rights in the \$125,000.00.

8 83. As a direct and proximate result of Defendants' breach of its duty of good faith
9 and fair dealing, Plaintiff has suffered damages in excess of \$10,000.00.

10 84. Plaintiff has been forced to retain the services of an attorney to prosecute this
11 matter and is entitled to reasonable costs and attorneys' fees incurred herein.

12 **WHEREFORE**, Plaintiffs pray for relief and judgment, as follows:

- 13 1. Damages in excess of Ten Thousand dollars (\$10,000.00);
14 2. An award of reasonable attorneys' fees and costs; and
15 3. Any other relief the Court deems fair and just.
16

17
18 DATED this 18th day of April, 2011.

19
20 COGBURN LAW OFFICES

21
22 By: 

23 Andrew L. Rempfer, Esq.
24 David J. Wedemeyer, Esq.
25 Attorneys for Plaintiff
26
27
28

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Document Number:	210077304
Document Date:	06/14/2010
Pages:	2
Document Type:	0001 - Deed
Image Available:	NO
Book/Page:	NA / NA
Parcel Number:	NA

Grantor Names	Grantee Names
SUNRAY PETRO INC	AMRICH ENERGY INC

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Document Number:	210077305
Document Date:	06/14/2010
Pages:	12
Document Type:	0248 - Asgt & Bill Sale Oil & Gas Lse
Image Available:	NO
Book/Page:	NA / NA
Parcel Number:	NA

Grantor Names	Grantee Names
SUNRAY PETRO INC	AMRICH ENERGY INC
MONTEREY MINERALS & LAND CO	
WM G KERCHOFF CO	
BARONCINI DICK F	
BASTIAN GEORGEN	
BASTIAN SHIRLEY J	

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Document Date:	07/02/2010
Pages:	2
Document Type:	0003 - Deed - Quitclaim
Image Available:	NO
Book/Page:	NA / NA
Parcel Number:	NA

Grantor Names	Grantee Names
SUNRAY PETRO INC	AMRICH ENERGY INC

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